

May 28, 2020



# Khiron Life Sciences Reports First Quarter Fiscal 2020 Financial Results

- Closed quarter with net working capital of \$28.4 million
- Achieved revenues of \$1.9 Million for Q1 2020, improving gross margin by 17% compared to Q1 2019
- Achieved first sales in Colombia of low-THC medical cannabis, and subsequent to the quarter, began its first high-THC medical cannabis sales in Colombia on May 19<sup>th</sup> 2020
- Increased revenues from its Kuida® brand by 18% compared to Q1 2019, despite the impact of sales reduction in March due to the COVID-19 pandemic in Colombia and abroad
- In May 2020, received first medical cannabis prescriptions for UK patients participating in Project Twenty21
- Signed exclusive agreement with Medlive, a distributor serving 3,000 clinics and hospitals in Brazil, subsequent to the quarter
- Signed exclusive agreement to manufacture and distribute Khiron-branded medical cannabis products in Lima, Peru's largest city with 8.6 million inhabitants
- Entered into a medical cannabis distribution agreement in Colombia with Locatel, a pharmacy, healthcare products, and medical equipment retailer with a database of over 2 million patients in Colombia, subsequent to the quarter
- On April 1, 2020, launched teleconsultation service in Colombia giving patients access to health services and doctors trained to prescribe medical cannabis
- Entered agreement with Tecnológico de Monterrey, a leading Latin American university in Mexico bringing Khiron's online education program to 1,500 physicians and healthcare practitioners

TORONTO, May 28, 2020 /PRNewswire/ - Khiron Life Sciences Corp. ("Khiron" or the "Company") (TSXV: [KHRN](#)), (OTCQX: KHRNF), (Frankfurt: A2JMZC), a vertically integrated cannabis leader with core operations in Latin America and Europe, announced today its financial results for the first quarter ended March 31, 2020. These filings are available for review on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.



## Summary of Key Quarterly Financial Results

<i>Canadian dollars</i>	<b>Q1 2020</b>	Q1 2019
	<b>\$</b>	<b>\$</b>
Revenues ('000s)	<b>1,901</b>	2,091
Gross profit ('000s)	<b>437</b>	413
General and administrative costs ('000s)	<b>(5,847)</b>	(4,471)
Net loss ('000s)	<b>(9,237)</b>	(8,004)
Adjusted EBITDA <sup>(1)</sup> ('000s)	<b>(5,865)</b>	(5,668)
Net loss per share (basic and diluted)	<b>(0.08)</b>	(0.11)
<b>Weighted average shares outstanding ('000s)</b>	<b>116,607</b>	75,895

- Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization or in this case loss) is a non-IFRS measure calculated as net loss as reported under International Financial Reporting Standards and adding back share-based compensation expense, transaction fees, depreciation and non-recurring items. Refer to the Company's MD&A for a reconciliation.

## Discussion of Operations for the Three Months Ending March 31, 2020

The Company recorded a net loss of \$9.2 million in Q1 2020. This compares to a net loss of \$8.0 million in Q1 2019. Adjusted EBITDA is comparable between periods at \$5.9 million.

Revenues decreased in Q1 2020 compared to Q1 2019 due to the impact of COVID 19, the appreciation of the Canadian dollar by an average 6% relative to the Colombian peso and the suspension of surgical procedures at the Company's health centres after the Colombian government declared a national emergency in March 2020, which required suspension of invasive surgeries. Effective May 26, 2020 the health centres have resumed these surgical procedures, and the Company expects to fill the backlog of suspended surgeries throughout the year. Notwithstanding, the health services operating segment increased its gross margin to 21% in Q1 2020, compared to 18% in Q1 2019. The Company incurred higher general and administrative costs in Q1 2020 compared to Q1 2019 mainly due to higher salaries and office costs because of its increased presence in multiple countries as the Company prepared to execute its growth strategy through 2019. Q1 2020 also saw less transaction related activity and reduced travel expenses with the onset of COVID-19 restricting all company travel.

## Management Commentary

Alvaro Torres, Khiron CEO and director, commented: "During Q1 2020, the Company achieved major milestones that position Khiron as the leading medical cannabis company in Latin America. Most importantly, we achieved these milestones in the middle of an extraordinary global health and social crisis, which speaks to the Company's resilience and ability to innovate and adapt to the changing environment. As of today, Khiron is the first and only company to sell low- and high-THC medical cannabis in Colombia, and we have achieved significant milestones in our other target countries, which position us to enter the execution phase of our business strategy.

With the dramatic global impact from the COVID-19 pandemic in the quarter we acted swiftly, securing authorization to remain operational in Colombia as an essential service while adjusting our global priorities and spending to appropriately reflect the anticipated revenue impact. The health of all our staff and their families remain a priority for us in this challenging time and as we emerge from the pandemic, we will continue to provide support for their wellbeing and for our community."

## **Webcast and Q&A**

**Khiron invites individual and institutional investors, as well as advisors and analysts, to attend a webcast and Q&A to discuss the Company's first quarter fiscal 2020 results.**

**DATE:** Friday May 29, 2020

**TIME:** 10:00am EDT/7:00am PDT

**PRESENTERS:** Alvaro Torres, Khiron CEO and Director, and Chris Naprawa, Khiron President

**FORMAT:** Live 20 minutes presentation and Q&A session

**REGISTER**

**LINK:** <https://event.on24.com/wcc/r/2385157/00B4EC003A08BA324FF170D670FCE287>

## **About Khiron Life Sciences Corp.**

Khiron Life Sciences Corp. is the dominant integrated medical cannabis company in Latin America. Khiron has core operations in Latin America, along with activity in North America and Europe, and is licensed in Colombia for the cultivation, production, domestic distribution, and international export of both tetrahydrocannabinol (THC) and cannabidiol (CBD) medical cannabis. The Company delivers best in class regulatory compliance, is fully authorized to manufacture and fill prescriptions for high- and low-THC medical cannabis in Colombia and has the first approved line of CBD cosmetic products on shelf in Colombia, and available in the United States and the United Kingdom.

With a focused regional strategy and patient oriented approach, the Company combines global scientific expertise, agricultural advantages, branded product market entrance experience and education to drive prescription and brand loyalty to address priority medical conditions such as chronic pain, epilepsy, depression and anxiety in the Latin American market of over 620 million people. The Company is led by Co-founder and Chief Executive Officer, Alvaro Torres, together with an experienced executive team, and a knowledgeable Board of Directors that includes former President of Mexico, Vicente Fox.

Visit Khiron online at [www.khiron.ca](http://www.khiron.ca) and on Instagram @khironlife

## Cautionary Notes

### ***Forward-Looking Statements***

This press release may contain certain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation. All information contained herein that is not historical in nature may constitute forward-looking information. Khiron undertakes no obligation to comment analyses, expectations or statements made by third-parties in respect of Khiron, its securities, or financial or operating results (as applicable). Although Khiron believes that the expectations reflected in forward-looking statements in this press release are reasonable, such forward-looking statement has been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond Khiron's control, including the risk factors discussed in Khiron's Annual Information Form which is available on Khiron's SEDAR profile at [www.sedar.com](http://www.sedar.com). The forward-looking information contained in this press release is expressly qualified by this cautionary statement and are made as of the date hereof. Khiron disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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